Atlas Iron Limited: Financial Results to 30 June 2010, Entering The Next Phase of Growth

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Perth, Australia (ABN Newswire) - Atlas Iron Limited (ASX: AGO) is pleased to report its audited financial statements for the year ended 30 June 2010 as Atlas enters its the next phase of its growth.

The Company's operations recorded a positive cashflow in the second half of the financial year. This milestone came on the back of improved iron ore prices and, importantly, reduced cash operating costs delivered by Atlas, as production levels began to ramp up. Atlas achieved operating cash inflows of A$8.5 million for the second half, while funding the build of significant inventory levels in readiness for export, as port capacity at Utah Point becomes available.

Full Year Performance

Atlas' net loss for the full year was A$42.1 million (down from A$67.6 million for year ended 30 June 2009). This loss includes a A$24.1 million charge for exploration and evaluation activities written off (being the spend on those projects which have not yet reached final investment decision) and a combined A$23.4 million charge relating to the write-off of goodwill and transactions costs associated with the merger with Warwick Resources Ltd.

Total sales revenue for the period for the period was A$84.8 million (up from A$26.4 million for the period to 30 June 2009) and the value of product inventory on hand at 30 June 2010 at cost was A$14.8 million (30 June 2009 A$8.3 million).

Outlook

Atlas is on track to be producing at an annual rate of six million tonnes by Christmas, over five times the rate of the past financial year, as production ramps up at the Pardoo mine and the Company's new Wodgina mine.

Crushing and screening is now underway at Wodgina and haulage of product to Port Hedland is due to commence within 10 days. Combined production across both of Atlas' iron ore mines has already reached a 4Mtpa rate.

The Utah Point port is on track for first ore on ship by 17 September 2010. Atlas is working with the PHPA to ensure timely delivery and smooth ramp up at Utah Point.

Atlas' increased production rate is anticipated to further reduce operating costs. Atlas is targeting operating costs of A$40-43 per tonne for the second half of the 2010/11 year as volume related efficiencies and lower port charges take effect. Amortisation and depreciation costs of A$5-7 per tonne are expected for that second half.

Atlas Managing Director David Flanagan said the Company was now ideally placed to reap the benefits of surging production and solid iron ore prices.

'Atlas is now making the key transformation from a development company to a mining company with rapidly growing production and sales revenue,' Mr Flanagan said.

'Our targeted operating costs will ensure Atlas is an extremely cost competitive iron ore supplier on the global stage,' he continued, 'With iron ore prices for our ore currently in excess of US$100/t, we expect to be delivering strong cashflows in 2010/11. Our buoyant outlook is underpinned by a robust balance sheet, A$155 million in cash and no debt. The next phase of our growth is now well underway.'

About Atlas Iron Limited:

Atlas Iron (ASX:AGO) is an emerging producer and active explorer focused on the discovery and development of iron ore projects. With a growing number of high quality iron ore projects and one of the largest landholdings in the Pilbara (8,900km2) located close to infrastructure, the Company has created a successful business by targeting resources and reserves capable of being mined with relatively low capital expenditure.

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